

KMSD & WISCONSIN SCHOOL FINANCIAL FACTS

ACHIEVING
IN THE TOP
10%
FUNDED
IN THE BOTTOM 15%

The Kettle Moraine School District's vision of "Learning Without Boundaries" aims to prepare all students to be successful in the global economy. We are striving to offer students the best possible education with the dollars that are allocated to us by our taxpayers and the state. We are very proud that:

- On an international scale, KM students are performing at levels equal to and greater than their peers in Canada and European countries, including Finland.
- KM students continue to perform at high levels on the ACT exam and on state standardized tests.
- KM is a school district of choice. For every student who open enrolls out, three open enroll into KM.

HOW IS KMSD AFFECTED BY STATE FUNDING?

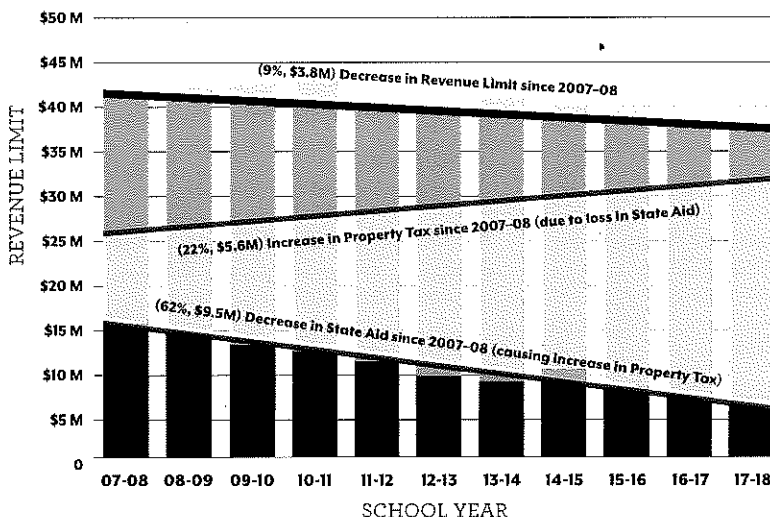
WI SCHOOL FUNDING FORMULA

PROPERTY TAXES
STATE AID +

REVENUE LIMITS

In 1993 revenue limits were established. Revenue limits cap the amount a school district can receive per student. After state aid is distributed each year, a school district can tax its property owners up to the district's revenue limit amount. Therefore, as state aid goes down, property taxes go up.

Relationship Between Kettle Moraine State Aid and Property Tax



**KMSD'S
STATE AID**

62.1%

**REDUCTION
IN 10 YEARS**

2007-2008

\$15.3 M

2017-2018

\$5.8 M

21.6%

**INCREASE
IN 10 YEARS**

2007-2008

\$30.1 M

2017-2018

\$36.1 M

**KMSD'S
PROPERTY
TAXES**

KM's budget is relatively flat, but KM taxpayers are paying MORE.

DID YOU KNOW?

In 2017-18, KM experienced the second largest decrease in state funding (15.07%) of all large school districts in Wisconsin.

SCHOOLS AREN'T FUNDED EQUALLY

When revenue limits were established, each Wisconsin school district was placed in a formula based on their spending history. KM's conservative spending placed the district in the bottom 10% of districts state-wide. Some districts, even with the same number of students and same demographics, receive millions more per year because they were placed at a higher level in the formula.

WAUKESHA COUNTY MAXIMUM REVENUE PER STUDENT IN 2017-2018

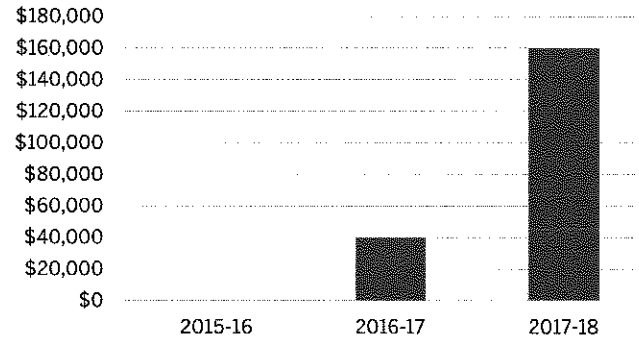
\$11,631	ELMBROOK
\$11,269	NEW BERLIN
\$11,068	MENOMONEE FALLS
\$10,408	PEWAUKEE
\$10,365	HAMILTON
\$10,346	WAUKESHA COUNTY AVG.
\$10,184	STATE AVERAGE
\$10,086	MUSKEGO
\$10,068	OCONOMOWOC
\$10,016	ARROWHEAD UHS (& K-8's)
\$9,870	KETTLE MORaine
\$9,826	WAUKESHA
\$9,200	MUKWONAGO

PROPERTY TAXES ARE FUNDING PRIVATE SCHOOLS

The Wisconsin school voucher program, which funds students attending private schools, is costing Kettle Moraine taxpayers more money each year. Each KM voucher student decreases the amount of state aid the district receives, requiring KM taxpayers to chip in more to support the district budget.

**TOTAL OF
\$200K
OF KM PROPERTY
TAX DOLLARS
HAVE GONE TO
PRIVATE SCHOOL
VOUCHERS**

KETTLE MORaine SCHOOL DISTRICT
PRIVATE SCHOOL VOUCHER AID DEDUCTION HISTORY



KM HAS ALREADY CUT EXPENSES

Prior to Act 10, KM was taking steps to reduce expenses. Act 10 provided additional tools the district has used to continue the savings. The majority of cuts have been to employee salaries and benefits, KM's largest expense. KM continues to explore ways to cut costs as funding continues to decline.

21% REDUCTION IN
HEALTH INSURANCE
COST WITHIN 5 YEARS

74% TO 69%
SALARIES/BENEFITS
OF OPERATING BUDGET
OVER 10 YEARS

**ELIMINATED
\$27.5
MILLION
POST-EMPLOYMENT
BENEFITS**

KETTLE MORaine STUDENT OPPORTUNITIES ARE IN JEOPARDY

ARE YOU CONCERNED? CONTACT OUR LEGISLATORS.

www.maps.legis.wisconsin.gov/

Governor Scott Walker
(608) 266-1212
govgeneral@wisconsin.gov

Senator Chris Kapenga
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Representative Cindi Duchow (District 99)
(608) 266-3007, (888) 534-0099
Rep.Duchow@legis.wisconsin.gov

Senator Scott Fitzgerald
(District 13)
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Representative Joel Kleefisch (District 38)
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Representative Scott Allen
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Senator Stephen L. Nass
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(608) 266-2635
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FOR MORE INFORMATION on Wisconsin school funding, visit dpi.wi.gov/budget.

DRAFT November 1, 2017

Hello, my name is Russell Zell. My wife and I have three children in the Kettle Moraine School District, in western Waukesha county.

Part of the reason we moved into the KM district 18 years ago, was the excellent schools. My children are getting a great education, from incredibly hard-working teachers and staff.

I support the changes that the state made with Act 10. I want my school district to be able to pay teachers for performance. The company I work for, does the same thing.

At my company, when we build outstanding products, the company is rewarded for it, in that we are able to command a price premium in the market.

One of the things this price premium allows, is for my company to retain and hire the best talent.

My school district is building outstanding products—that product is graduates, who are ready to succeed in, and give back to, our world.

But, there is no mechanism for my school district to command a price premium for its services. I get it; that's not how K-12 public education works. We'll leave that to Harvard and Yale.

Recall that one of the benefits of my company building outstanding products, is being able to retain and hire the best talent. Here's where the analogy breaks down. My school district does not generate any incremental revenue with which to retain its talent.

In fact, it's just the opposite. Because of my district's frugal spending in 1993, it is locked into trailing our neighboring districts in revenue.

That makes the Kettle Moraine School district similar to the Tampa Bay Rays, of Major League Baseball. The Rays are a low-revenue team, in a division with a couple of financial heavyweights, the New York Yankees and Boston Red Sox.

Predictably, the Rays have not been successful at retaining talent. The only strategy left to Rays fans is hoping that their younger, inexperienced players “get hot” from time to time.

I don’t want hope to be my school district’s strategy.

With the Act 10 changes, the state gave districts more ability to pay for performance. This motivates a workforce, and that’s a good thing.

However, with some districts systemically better-funded than others, the road leads to Haves and Have-nots, or the Tampa Bay Rays and New York Yankees.

I would ask that the commission please consider finding ways to give districts a flatter playing field on which to compete. Does it all need to be completely flat immediately? No. But I’m asking for a path to flatness. And I’ll supplement my strategy with Hope while we get there.

Thank you for your consideration.

Good afternoon and thank you for the opportunity to speak with you regarding the funding of schools, for taking the time to learn from us and for your dedicated service to the State of Wisconsin and the children we educate.

My name is Jeff Gross, I'm the Chief Financial Officer in the Kettle Moraine School District. I appreciate the invitation you've extended to our leader Dr. Pat Deklotz to share our concerns and recommendations toward improving the equitable funding of schools.

I'm a resident of the Kettle Moraine School District for more than 11 years and a proud parent of my two daughters who attend our (KM) Schools, one in our Middle School (personalized learning) "Create House" and the other in our High School of Health Sciences (HS2) Charter School. Create and HS2 are just two of the many innovations I've experienced from my parent lens. The quality of education provided in the Kettle Moraine School District was the most significant determining factor as to where we would build our home more than 11 years ago.

From my school business management (CFO) lens, I've experienced our funding disparity first hand. Prior to working in Kettle Moraine, I worked as the Director of Finance in the School District of Menomonee Falls (for almost 9 years (while living in Kettle Moraine)). Budgets and revenue limits were challenging in the Falls, but it wasn't until I began working with our budget and revenue limit here in Kettle Moraine two years

ago that I realized the significantly bigger challenge I'd face. I was coming from a District that spent more in 1993 than Kettle Moraine. The maximum revenue limit per member in Menomonee Falls (\$11,068) is almost \$1,200 more per student than Kettle Moraines' (\$9,870). Multiply this difference by our (declining) (KM) membership (enrollment) and it's equal to more than \$4.3M LESS ANNUALLY to operate with (on the same number of students). This annual operating revenue disparity makes it difficult for us to compete for talent within Waukesha County. It is our reputation of EXCELLENCE that keeps us in the attract and retain ballpark, but at a point our EXCELLENCE may not be enough.

I fully support Dr. Deklotz's message to level the playing field, to distribute new funding for schools through a categorical aid approach, considering a regional approach in applying a multiplier and tiered distribution, to try something and evaluate it (Continuous Improvement... Plan, Do, Study, Act (PDSA)). Doing so may have positive impact in leveling the playing field and recognizing the efficiencies that we've implemented. We are at the breaking point. We have embraced the direction of our state. We have used all of the "tools" and more; and are now we are cutting at the core of our learning organization.

Please personalize your support for our schools, moving away from a one size fits all and toward a more equitable allowed funding solution.

Thank you for your time and for allowing us to share our ideas for you to consider.